

FISCAL NOTE

SB 1310 - HB 1809

March 28, 2003

SUMMARY OF BILL: Allows certain businesses to file consolidated franchise and excise tax returns.

- Defines affiliated groups for the purpose of filing consolidated franchise and excise tax forms and excludes financial institutions, hospitals, hospital companies, and insurance companies from eligibility.
- Requires affiliated groups to register with the Department of Revenue and provides a penalty of \$100 for each failure to timely register.
- Defines net earnings for an affiliated group of corporations.
- Excludes certain carryover losses and provides regulations pertaining to carryover losses.
- Excludes certain tax credits and provides regulations pertaining to tax credits.
- Requires those required or permitted to file consolidated returns to compute franchise and excise taxes apportionment formulas on a consolidated basis. However, railroad, motor carrier, rail and motor carrier, pipeline, air carrier and air express carriers filing consolidated returns are required to use the separate entity basis by the group member that generates the highest dollar amount of gross receipts within the filing group.
- Requires quarterly payments to be made on a combined basis and sets a quarterly payment rate of 25% of 70% of the final tax liability for the year.
- Provides that no penalty shall be assessed for shortages in quarterly payments due to changes in the law if certain conditions are met.
- Requires extension requests to be made on a combined basis.
- Allows the Commissioner of Revenue to waive all or part of a penalty for delinquent filing or deficient payment of quarterly franchise and excise taxes.
- Defines net worth for filing consolidated franchise tax returns.
- Defines property for filing consolidated franchise tax returns.
- Sets, for the purpose of filing consolidated franchise tax returns, the exempt inventory level at \$50,000,000.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$130,000 - One-Time

Increase State Revenues - Exceeds \$1,000,000

The amount of any increase in state revenues as a result of consolidating filing as required by the bill cannot be determined, but is estimated to result in significant increased revenues to the state.

Estimate assumes increased expenditures to the state to modify automated systems.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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